

INVESTMENT INCENTIVES TO FREE ZONE INVESTORS

Holders of Free Zone Developer/Operator/Manager License

- (1) Exemption on export processing zone imported raw materials and intermediate goods, machinery and equipment, spare parts for exclusive use in the Free Zone.
- (2) Tax holiday for the first 10 years on export of finished consumer and capital goods and 30% is charged for each year thereafter after allowable deductions (this requires an exemption certificate from the Commissioner General);
- (3) 100% exemption from tax on income from agro- processing (requires a certificate of exemption from the Commissioner General).
- (4) 100% exemption on expenditure on scientific research;
- (5) 100% exemption on training expenditure;
- (6) 100% exemption on income of a person offering technical assistance (subject to a Technical assistance agreement);
- (7) 100% exemption on income derived from the operation of aircrafts in domestic and international traffic or the leasing of aircraft;
- (8) Unrestricted remittance of profits after tax earned by the developer;
- (9) Exemption on intangible assets e.g. computer software;
- (10) There is no liability to tax until there is profit made by the developer of the Free Zone. Tax is on income after business commences not during set up or start- up;
- (11) Exemption from customs duty on plant and machinery used in the free zones for 5 years and 1 day;
- (12) Exemption from all taxes on exports from the free zones;
- (13) Exemption from state and local government taxes, levies and rates applicable to exports such as excise duty and customs taxes;
- (14) Exemption from payment of stamp duty on Free Zones for land owned by the Authority;

- (15) Rent free land for the first five years, thereafter rent shall be as determined by the Authority.
- (16) Exemption from property rates where Government has a contractual obligation not to levy fees and tax against an institution;
- (17) Exemption from taxation of 5% of the cost of construction of the building (industrial building allowance);
- (18) Exemption from withholding tax on:
 - Supply or importation of petroleum or petroleum products
 - Supply or importation of plant and machinery
 - Supply or importation of human or animal drugs
 - Supply or importation of raw materials;
- (19) Exemption from Value Added Tax on:
 - Supply of social welfare services e.g. hospitals
 - Supply of passenger transportation services
 - Supply of power generated by solar and renewable energy;
- (20) Exemption from import duties and taxes on all goods entering a free port zone;
- (21) Exemption from import duties and taxes/internal taxes applicable on exportation on all goods entering a free port zone;
- (22) Sale of up to 20% of the production is permitted in the domestic market;
- (23) Access to physical amenities, infrastructure, manpower and training;
- (24) Warehousing of domestic goods which are not to be exported provided that the warehousing facilities of the free zone users are under utilised;
- (25) On site customs inspection of buildings and premises in the free zone;
- (26) On site customs inspection of natural persons, vehicles, vessels and aircrafts entering and leaving the free zone; and
- (27) Advice and assistance from the Uganda Free Zones Authority for the development and management of free zones.